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UNITED STATES DISTRICT COURT
DISTRICT OF MASSACHUSETTS

IRA & LARRY GOLDBERG COINS &
COLLECTIBLES, a Nevada corporation,

Plaintiff,

v.

MARIA PAUL, an individual, and DOES 1
through 10, inclusive,

Defendants.

Civil Action No:

04 10485 NG

COMPLAINT FOR BREACH OF GUARANTY

MAGISTRATE JUDGE Deen

Plaintiff, Ira & Larry Goldberg Coins & Collectibles, alleges:

INTRODUCTORY ALLEGATIONS

1. Plaintiff, Ira & Larry Goldberg Coins & Collectibles ("Plaintiff" or "Goldberg Coins"), is a corporation organized under the laws of the State of Nevada with its principal place of business in Los Angeles, California.
2. Plaintiff is informed and believes that Defendant Maria Paul is an individual residing at 14 Woodstock Drive, Framingham, Massachusetts.
3. Plaintiff is ignorant of the true names and capacities of Defendants sued as DOES 1 through 10, inclusive, and therefore, sues these Defendants by such fictitious names. Plaintiff will amend the Complaint to allege their true names and capacities when ascertained. Plaintiff is informed and believes, and on that basis alleges, that each of the fictitiously named Defendants is responsible in some manner for the occurrences alleged and that Plaintiff's damages were proximately caused by their conduct.

JURISDICTION

4. This Court has original jurisdiction over this matter as the amount in controversy exceeds \$75,000, and there is diversity of citizenship between the parties. 28 U.S.C. §1332.

OPERATIVE FACTS

5. Plaintiff realleges and incorporates paragraphs 1 through 3 as though set forth in full. All allegations in this “Operative Facts” section are set forth on information and belief.

6. In 1999, Plaintiff began doing business with The Rarities Group, Inc. (“Rarities”) and its two owners, Martin and Maria Paul. Goldberg Coins is in the business of auctioning rare coins, collectibles and memorabilia. Generally, speaking Goldberg Coins: (1) receives the items which it auctions on consignment from the owners of those items; (2) sells the items at auction; (3) receives the auction price, plus commissions and fees; and (4) remits the appropriate amount to the consignor.

7. Rarities was one of Goldberg Coins’ larger customers, both as a purchaser and as a consignor of coins and memorabilia at auctions put on by Goldberg Coins.

8. Since approximately 1999, Maria Paul has been an owner, officer and director of Rarities. At all times during the relationship between Goldberg Coins and Rarities, Maria Paul was an active participant in the Rarities enterprise. In connection with the relationship between Rarities and Goldberg Coins, a Guaranty Agreement was entered into, effective June 29, 2001 by Martin and Maria Paul as Guarantors and Goldberg Coins as beneficiary. (A true and correct

copy of the Guaranty Agreement is attached as *Exhibit A*.) The Guaranty Agreement was executed by Martin Paul on his and his wife's behalf and provides, in part:

This Guaranty Agreement is made effective as of June 29, 2001, by Martin & Maria Paul (the "Guarantor") of 14 Woodstock Drive, Framingham, MA 01701.

OBLIGATIONS: This Guaranty is given by the Guarantors to induce the Creditor to extend credit to the Debtor, and in consideration of the Creditor doing so, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and further acknowledging that the Creditor intends to rely on this Guaranty, the Guarantor absolutely and unconditionally guarantees prompt payment when due of all payments and liabilities of the Debtor to the Creditor, whether now existing or hereafter incurred.

This Guaranty shall remain in effect as long as there is outstanding debt on behalf of The Rarities Group.

(Exhibit A; emphasis in original)

9. Between 1999 through June 2002, Rarities and its two principals, Martin and Maria Paul, participated in numerous Goldberg Coins auctions. In connection with each such auction, the participants in the auction are provided a printed catalog of the items to be auctioned off at that particular sale. The catalogs were typically sent to Martin and Maria Paul approximately 15 to 30 days in advance of a particular auction, and each catalog included the Terms and Conditions which govern all auction sales. See *Exhibit B*.

10. On June 2 through 5, 2002, Goldberg Coins held two auctions at the Crown Plaza Beverly Hills Hotel in California (the "Auctions"). The Auctions were known as the "Pre-Long Beach Sale" and the "Goodman Sale." With respect to the Auctions, the Terms and Conditions of Sale in each catalog included the following:

By bidding in this sale, Purchaser personally unconditionally guarantees payment. If the Purchaser of a corporation, the officers, directors, and principals of the corporation hereby agree to personally unconditionally guarantee payment as part of the corporation's agreement to bid.

11. During the Pre-Long Beach Sale and Goodman Sale, Rarities bid on approximately 450 lots of collectors coins and other memorabilia. At the conclusion of the Auctions, Rarities wrote checks to Goldberg Coins in payment for the items purchased, took possession of hundreds of thousands of dollars of coins, then stopped payment on the checks, and has since refused to pay for the coins. Rarities then resold the majority of the coins at a profit, yet has never remitted one dime to reimburse Goldberg Coins for the coins obtained at the Auctions. Conversely, Goldberg Coins has paid the persons who consigned the coins all monies due them.

12. On August 2, 2002, Goldberg Coins brought a lawsuit in California against Rarities, Martin Paul and Maria Paul for, among other things, breach of contract, fraud, breach of personal guarantee, and conversion (the "California Action"). Rarities never challenged jurisdiction in the California Action, but Martin and Maria Paul both sought to quash service of process based on the alleged absence of personal jurisdiction. Eventually, the court denied Martin Paul's motion to quash, but granted the motion to quash as to Maria Paul.

13. The California Action was very contentious and involved the expenditure of hundreds of thousands of dollars in attorneys' fees and related expenses. Shortly before the October 27 trial date in the California Action, Rarities and Martin Paul each filed for bankruptcy, thereby resulting in a stay of the California Action. Maria Paul has not filed for bankruptcy, but Martin and Maria Paul are purportedly going through divorce proceedings.

14. Given these circumstances, Goldberg Coins now brings the present action in Massachusetts against Maria Paul for breach of personal guaranty to recover any and all monies owing from Rarities to Goldberg Coins, including all sums due and owing in association with the Pre-Long Beach Sale and the Goodman Sale, plus the attorneys' fees, costs and other

expenditures by Goldberg Coins in the California Action as well as the fees, costs and expenditures incurred in this action.

COUNT ONE

(For Breach of Guaranty Against Defendant Maria Paul and Does 1 through 10)

15. Goldberg Coins refers to paragraphs 1 through 13 herein and incorporates them as though set forth in full.

16. As a direct and proximate result of the acts described above, Goldberg Coins has been damaged in a sum which is not presently known but which is in excess of \$400,000. Goldberg Coins has performed all of its obligations under the auction agreements with Rarities, except such obligations which have been excused by Rarities' conduct. Goldberg Coins has further fully performed all of its obligations relating to the personal guaranty obligations referenced in paragraphs 6 through 8 herein. (collectively the "Guaranty.")

17. Maria Paul, and Does 1 through 10, have breached the Guaranty by failing to pay to Goldberg Coins the amounts due and owing on the Rarities account, plus all interest due and owing, attorneys' fees and costs. Although demand has been made upon said Defendants to honor the Guaranty, no part thereof has been paid.

18. Based on the monies owing to Goldberg Coins leading into the pre-Long Beach Sale and Goodman Sale, plus all purchases made and consignment credits earned by Rarities at the Auctions, Maria Paul, and Does 1 through 10, are presently liable to Plaintiff for the total balance due, inclusive of interest, attorneys' fees, and court costs in an amount in excess of \$400,000.

WHEREFORE, Goldberg Coins prays for judgment as follows:

1. For an award of damages on Count One exceeding \$400,000, according to proof at trial;
2. For pre-judgment interest on the damages;
3. For an award of attorneys' fees and costs incurred in accordance with the contract terms between the parties;
4. For costs of suit incurred herein; and
5. For such other and further relief as the court may deem just and proper.

IRA & LARRY GOLDBERG COINS &
COLLECTIBLES,

By its attorneys,



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Dated: March 10, 2004

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